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## OLR Bill Analysis

sSB 316 (File 112, as amended by Senate "A")\*

### ***AN ACT CONCERNING NOTIFICATION OF THE EXPIRATION OF TRIAL OFFERS, INTRODUCTORY RATES AND AUTOMATIC CONTRACT RENEWALS.***

#### **SUMMARY:**

By law, anyone who sells or offers to sell consumer goods or services under a trial offer or at an introductory rate that will change when it expires, must provide clear and conspicuous written notice that the consumer may cancel the product or service at the end of the trial offer or introductory rate. This bill requires the sellers to provide consumers with cancellation procedures before (1) charging their debit or credit card or (2) requiring them to pay an invoice.

The bill extends the exemption from the notice requirement to any satellite television company that offers trial or introductory rates and informs its consumers of its cancellation procedures. Among other entities and transactions, current law exempts public service companies and their affiliates and subsidiaries, and certified telecommunications providers.

The bill applies the exemptions to the new cancellation procedure requirement. It also eliminates the exemption for introductory rates if the rate the consumer pays at the end of the introductory period is clearly and conspicuously disclosed in the consumer contract.

The bill imposes uniform cancellation notice requirements for written consumer goods contracts with automatic renewal provisions by eliminating the 180-day distinction. The bill exempts written contracts with automatic renewals for up to 31 days from the notice requirement if the renewal does not increase the price the consumer must pay for the goods.

\*Senate Amendment "A" (1) adds the provision on cancellation

notice procedures, (2) eliminates the requirement in the underlying bill that the procedures be included in the promotional materials, (3) restores the certified telecommunications provider notice exemption, (3) adds the exemption for satellites television companies, and (4) adds the exemption from uniform notice requirements for automatic contract renewals.

EFFECTIVE DATE: October 1, 2013

### **CANCELLATION NOTICES FOR CONTRACTS WITH AUTOMATIC RENEWAL PROVISIONS**

The bill imposes uniform cancellation notice requirements for written consumer goods contracts with automatic renewal provisions by eliminating the 180-day distinction. Under current law, the notice requirements depend on whether the contract period is over or under 180 days. The bill applies the over 180-day requirements to all consumer goods contracts with automatic renewals.

For contracts over 180 days with provisions automatically renewing them for more than 31 days, the law requires sellers to provide a clear and conspicuous written notice informing the purchaser that he or she can cancel the contract. The notice must include the cancellation procedure and be given to the consumer between 15 and 60 days before (1) the contract's renewal date or (2) the expiration of the time period for cancellation, whichever is earlier. Sending written notice by U.S. mail satisfies the notice requirement. If it is an electronic contract or the consumer agrees to receive notice electronically, notice may be transmitted by electronic mail.

Under current law, anyone who sells or offers to sell consumer goods or services under a written contract that will last less than 180 days with a provision automatically renewing it for more than 31 days must provide a clear and conspicuous written notice that the consumer may cancel the contract and specify how he or she may do so. The contract must not require the consumer to cancel more than 60 days prior to the expiration of the specified time period.

### **COMMITTEE ACTION**

General Law Committee

Joint Favorable Substitute

Yea 17      Nay 0      (03/13/2012)